

**ARIZONA DEPARTMENT OF REAL ESTATE
REAL ESTATE ADVISORY BOARD
MINUTES
May 26, 2010**

The Arizona Real Estate Advisory Board met on Wednesday, May 26, 2010 at the Arizona Department of Real Estate (ADRE), 2910 N. 44th Street, First Floor Conference Room, in Phoenix, Arizona.

I. CALL TO ORDER

Vice-Chair Tom Pancrazi called the meeting to order at 10:05 a.m.

Members present: Carla Bowen, Frank Dickens, Patti Shaw. Chair Ann White arrived at the meeting at approximately 10:15 a.m.

Attending via phone: Charlie Bowles

Unable to Attend: Bruce Mosby

ADRE representatives present: Commissioner Judy Lowe, Assistant Commissioner-Business Services Mary Utley, and Business Services Manager Vicky Rokkos.

Public: None

II. MINUTES

Upon the motion of Carla Bowen, seconded by Patti Shaw, the Minutes of the March 16, 2010 meeting were unanimously approved.

III. Facilitator Report from Advisory Board Members

Member Patti Shaw stated she had only had one email from a gentleman questioning a rental property and the property being over-encumbered. She advised to him to seek advice from a qualified a real estate agent, an attorney or CPA.

Member Frank Dickens stated that he had a couple of inquiries on short sales; the lengthy processing, and, the role of the department in making lenders cooperate with the short sale process and make the process more efficient.

He stated that he had a subdivision application facilitation regarding a non-profit organization and their Subdivision Public Report Application. They were very pleased at the timely response by the Development Services Division.

Vice-Chair Pancrazi stated that he had a couple of inquiries on subdivisions and the selling of small lots. Member Bowen stated that similar situations occur frequently in Northern Arizona.

Member Bowles attended the meeting via phone and he commented that he did receive the agenda.

Member Bowles stated that he did not have any calls. He stated that he has concerns regarding the State budget and staff reductions at the department and other state agencies such as the Registrar of Contractors.

Commissioner Lowe stated that the passing of the Sales Tax has provided that department with some relief. Department staff was very happy and there was a party held to celebrate the passing of the sales tax.

There was a brief discussion regarding immigration reform and SB 1070.

IV. Update 2010 Legislation-Handout

A handout detailing 2010 legislation was distributed to board members present and faxed to Member Bowles. (See attached) Assistant Commissioner Utley reviewed the handout and led discussion.

SB 1351 Appraisal Management Companies- solicited much discussion among the Board. Discussion occurred relating to broker's opinions of values (BPO) as well as the broker's role and responsibilities.

HB 2689 will have a later implementation date (December 31, 2010) in that there will need to be rules changes. Commissioner Lowe stated that initially we were asking for an increase in continuing education hours from 24 to 30; however, that was taken out of the bill. Under the current 24 hours, it could allow modification to mandate short sales, foreclosure, green building education, technology and other industry issue topics.

Assistant Commissioner Utley stated that the department is requesting an exemption to the Rules Moratorium currently in effect.

Chair White stated that there has been much confusion when the change occurred regarding the 4 year renewal and CE requirements.

Commissioner Lowe stated that there had been so much confusion when the change occurred for the 4 year renewal and CE requirements. The change back to a 2 year renewal will be very well received by the industry, as well as the ADRE licensing staff.

Commissioner Lowe stated that under the new legislation; changing the 4 year license to a 2 year license, the CE requirements will need to be met at the time of renewal or the licensee will not get their license renewed.

Assistant Commission Utley introduced Gretchen Conger, who the department's intern for the summer and hopefully a little beyond. Ms Conger was a legislative intern at the Governor's Office during the past legislative session. The department will be sharing Ms. Conger with the Department of Financial Services. She will be helping the department with our strategic plan on upcoming legislation.

Commissioner Lowe stated that AC Janet Blair has resigned and that her resignation left a gap in the Education Division which AC Blair provided direct oversight; therefore, Carla Randolph has been moved to become the Manager of the Education Division.

In the short term, AC Blair's position will not be filled; division managers will assume more responsibilities and provide Commissioner Lowe with feedback if they see any "gaps" or "holes" which need to be addressed.

V. Subdivision Public Report-Robin King/ Rose Frazee

Commissioner Lowe introduced Robin King and Rose Frazee and provided an overview of their role and responsibilities. Manager King stated that she and Rose reviewed the tasks involved in processing a subdivision application; and, they felt that it would be a long and tedious task to explain; so, instead they created a quiz for the Board. (See attached)

Manager King read the questions and the Board provided the answers. Discussion followed regarding the answers to the quiz and various scenarios were presented. Manager King distributed a listing of municipal water providers designated as insured or adequate water supply as well as a copy of the Insured Water Supply Certificate. (See attached)

VI. Recovery Fund Report-Vicky Rokkos

Business Services Manager Vicky Rokkos reported that she assumed oversight of the Recovery Fund this month. Manager Rokkos provided the Board with a handout (Recovery Fund flow chart) to assist her in her presentation. Discussion was held on process and distribution of funds. Based on the program created by Manager Rokkos, the Board will be able to see comparisons on a regular basis.

Commissioner Lowe requested that Manager Rokkos discuss and compare the budgets from 2009 to 2010. Manager Rokkos presented

information on appropriations for FY 2009 and FY 2010 as well as an explanation on expenditures, sweeps and other budget related items.

IV. Commissioner's Report-Judy Lowe

Commissioner Lowe provided an overview of FY 2011 Budget and the content of the budget. She explained the 2.75% pay reduction and the mandatory furlough days which mandate all state offices to be closed. The department has been impacted by attrition; since June there have been eleven staff lost due to a reduction in force (RIF); layoffs, retirement and resignations.

Commissioner Lowe stated that the department has streamlined the system which will assist in relieving the work load pressure on our employees. Backlogs, open complaints and education applications are getting dealt with in a more efficient and timely manner.

She reported on the Prelicensure Committee who has reviewed the course content for Salespersons and Brokers. The course content for Broker has been made more stringent and the questions on the prelicensure exam have increased for both salesperson and broker.

In addition, she reported that a new testing vendor has been selected which is Pearson VUE. Pearson VUE does real estate exam throughout the United States and in Arizona, they also do the testing for the Department of Financial Institutions- Mortgage Originator exams. Pearson VUE will begin administering the exams on July 1st.

Commissioner Lowe stated that another area that is being reviewed by the subcommittee is online distance learning. She stated there has never been a clear definition and statute (s) regarding this topic. The subcommittee has submitted recommendations which will be presented to the Education Advisory Committee within the next week. The Education Advisory Committee will provide feedback and the recommendations will be forwarded back to the subcommittee for work on rules and statute development.

She stated that Continuing Education non-compliance continues and that licensees are not uploading their CE hours being given a 90, 60 and 30 day warnings. In addition to the warnings, they are given an additional 30 days to get their CE uploaded. Those that fail to comply are being issued a \$300 fine and for the active licensees- must comply with getting their CE completed. Discussion occurred on the process of uploading CE and

Commissioner Lowe reported on the Investigations Division. She described the process which has been initiated to assist in the initial complaint research which will provide a more timely response.

Commissioner Lowe provided statistics on active and inactive licensees as compared to May of 2009.

V. Other Matters
None

VI. Adjournment
On a motion to adjourn by Carla Bowen seconded by Frank Dickens and approved by the Board, Chair White adjourned the meeting at 12:15 p.m.

**DATED THIS 26TH DAY OF MAY, 2010
ARIZONA REAL ESTATE ADVISORY BOARD**

BY: _____